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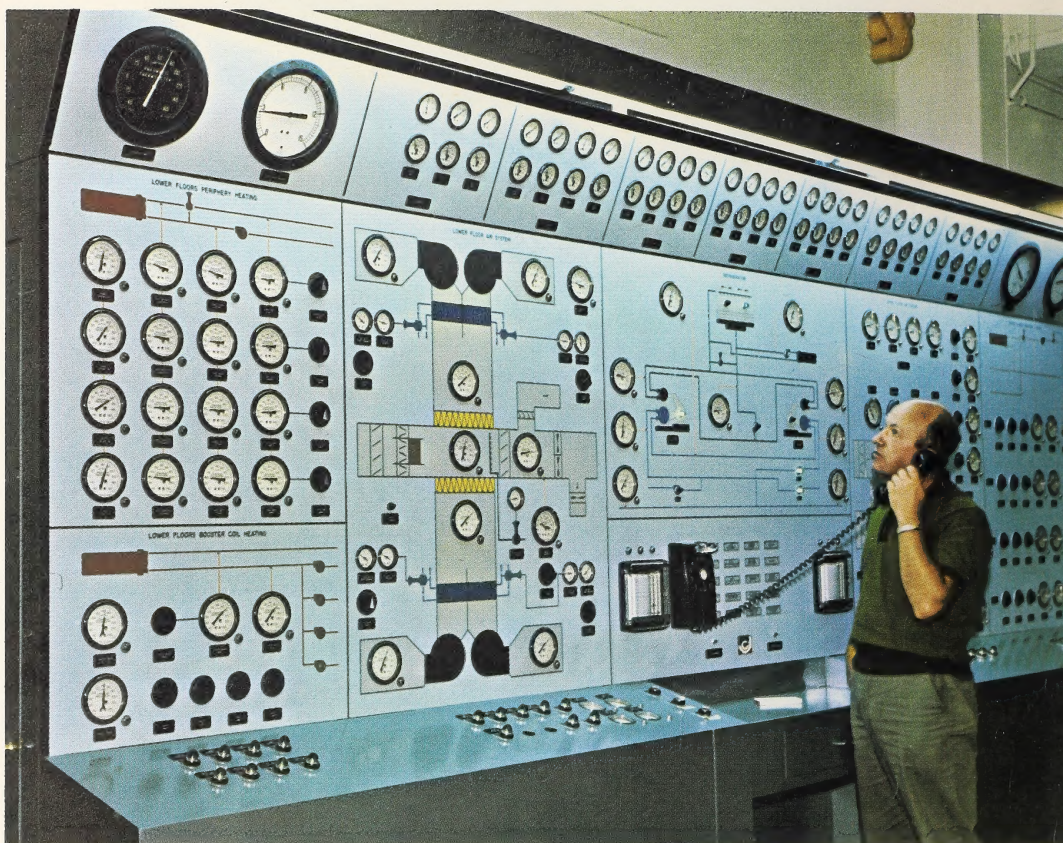
ANNUAL REPORT

1963-64

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VICTORIA, B. C.

ALBERTA GOVERNMENT TELEPHONES



A six-storey addition to the Head Office building was completed during the past year. The panel pictured above controls heating, cooling, and air circulation throughout the building.

52nd

**ANNUAL
REPORT**

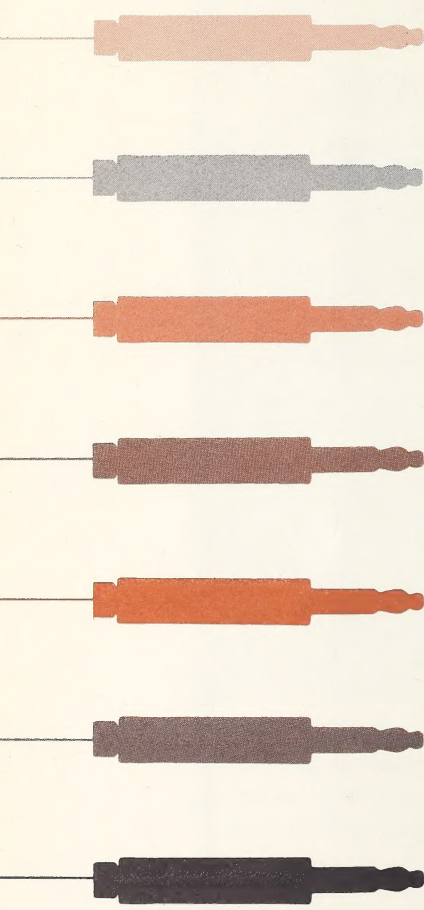
YEAR ENDED MARCH 31, 1964

1963 - 64

ALBERTA GOVERNMENT TELEPHONES



HIGHLIGHTS DURING THE YEAR



Plant expansion amounted to \$23,119,326.

A six storey addition to Head Office was completed.

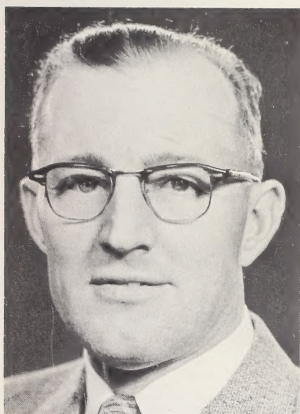
DDD was extended to Lethbridge, to 14 of its CDO's, and to two more CDO's of Red Deer.

Microwave systems were completed between Edmonton and Athabasca, and Grande Prairie and Peace River.

Dial conversions took place in 14 centers.

More than 21 million long distance calls were completed.

Net income amounted to \$1,121,744.



Honourable
Raymond Reiersen
Chairman and
Minister of
Telephones

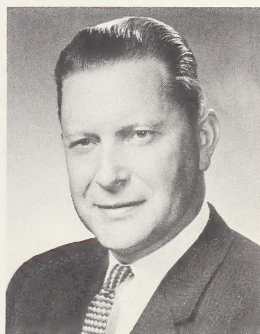


J. W. Dodds
Vice-Chairman and
General Manager

ALBERTA GOVERNMENT TELEPHONES COMMISSION



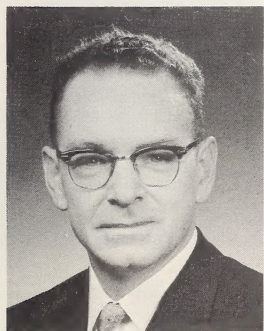
R. E. Young
Asst. General Manager
Manager Operations
and Engineering



R. G. Ades
General Commercial
Manager



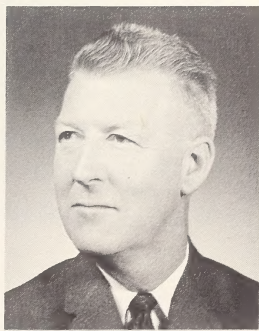
A. C. Head
Comptroller



E. L. Harrison
Chief Engineer



W. D. Mallen
General Plant
Manager



C. L. Keatley
General Traffic
Manager



The new Edmonton International Airport boasts the largest number of special communications facilities ever to be installed in one place by Alberta Government Telephones. (Photo courtesy Rensaa and Minsos.)



The switchboard installed for the Department of Transport provides intercom and out-line facilities for 60 phones at present and has room for unlimited expansion. Persons placing calls to any of the D.O.T. phones may dial in directly, by-passing the operator, if they wish.

EDMONTON, Alberta

His Honor

J. Percy Page

Lieutenant Governor of the Province of Alberta

EDMONTON, Alberta

Sir:

I have the honor to present the Fifty-second Annual Report of the Alberta Government Telephones Commission for the fiscal year ending March 31, 1964.

A plant expansion program of more than \$23,000,000 was carried out in the year under review. The Province's microwave system—already the most complete in Canada—was expanded, and new links were completed between Edmonton and Athabasca, and Grande Prairie and Peace River.

Direct Distance Dialing was extended to Lethbridge and to 16 other exchanges, dial conversions were completed in 14 centers throughout the province, and Mutual Telephone Companies were formed in 29 new rural areas.

The Commission has always attempted to provide the best of service at the lowest possible cost. In spite of general inflationary trends, there has not been a single rate increase for the past 38 years. The time has come, however, when revenue is being overtaken by operating expenses, and an application must be made to the Public Utilities Board for a revision of rates.

Despite the decrease in earnings, the past year has been a very gratifying one both to the Commission and to me personally in that it has seen extensive development of communications services for the subscribers throughout the Province.

The achievements of the past year may be looked upon with pride. They reflect, I am certain, the keen interest and loyal support of the employees of the Commission.

I have the honor to be, Sir,

Your obedient servant,
RAYMOND REIERSON
Minister of Telephones

REVENUE

The upward trend in earnings, which had been apparent throughout the past few years, continued in the year just completed. In keeping with this pattern, all forms of telephone revenue showed increases, due in part to the buoyant economy of the Province and to the expansion and modernization of facilities throughout the system.

Exchange revenue amounted to \$15,494,185, an increase of 10.6% over the previous year, and toll revenue amounted to \$24,469,362, an increase of 12.9%. Connecting Company revenue amounted to \$294,399, an increase of 8%, reflecting the continuing growth in the number of rural mutual telephone subscribers connected to the system.

Directory earnings increased 33.7% to \$940,693, due to an increase in advertising rates in the early part of the year and to increased sales. Rental revenue amounted to \$1,524,624, an increase of 7.9% over the previous year.

Non-operating revenue declined slightly to \$140,140, and the provision for uncollectible accounts remained at \$300,000.

OPERATING REVENUE

	APRIL/63 - MARCH/64	APRIL/62 - MARCH/63
Local Service Revenue		
(Exchange) -----	\$15,494,185	\$14,007,147
Toll Revenue -----	24,469,362	21,674,316
Connecting Company Revenue -----	294,399	272,653
Directory Earnings -----	940,693	703,578
Rental Income -----	1,524,624	1,412,093
Other Operating Revenue -----	140,140	146,565
	\$42,863,403	\$38,216,352
Less: Provision for Doubtful Accounts -----	300,000	300,000
	\$42,563,403	\$37,916,352

OPERATING EXPENSES

Total operating and general expenses, including depreciation, amounted to \$34,785,253, an increase of \$4,709,661 or 15.7% over the previous year. While growth of the Commission and higher wage levels increased all categories of expense, the main increases were in maintenance, \$9,903,079, up \$1,490,533 or 17.7%, and depreciation, \$8,462,672, up \$1,162,843 or 15.9%.

Operating costs, comprised of Traffic, Commercial, Accounting, and General expenses, amounted to \$15,488,737, an increase of 14.9% over the previous year.

Taxes applicable to the year's operation amounted to \$930,765, an increase of 5.2% over the previous year.

OPERATING EXPENSES

	APRIL/63 - MARCH/64	APRIL/62 - MARCH/63
Traffic -----	\$ 6,304,415	\$ 5,750,795
Commercial -----	3,540,537	3,016,388
General -----	4,666,438	3,851,708
Property Taxes -----	930,765	885,006
Maintenance -----	9,903,079	8,412,546
	<u>\$25,345,234</u>	<u>\$21,916,443</u>
Depreciation -----	8,462,672	7,299,829
Pension Fund Contribution -----	977,347	859,320
	<u>\$34,785,253</u>	<u>\$30,075,592</u>

INTEREST AND OTHER CHARGES

Interest charges on the long term debt amounted to \$6,710,890 and were made up of \$1,875,745 payable to the Provincial Treasurer on funds borrowed for capital purposes, \$4,705,223 interest on the debentures issued by the Commission, and \$129,922 bank charges. Other debt charges, principally discount on the debenture debt, amounted to \$168,863.

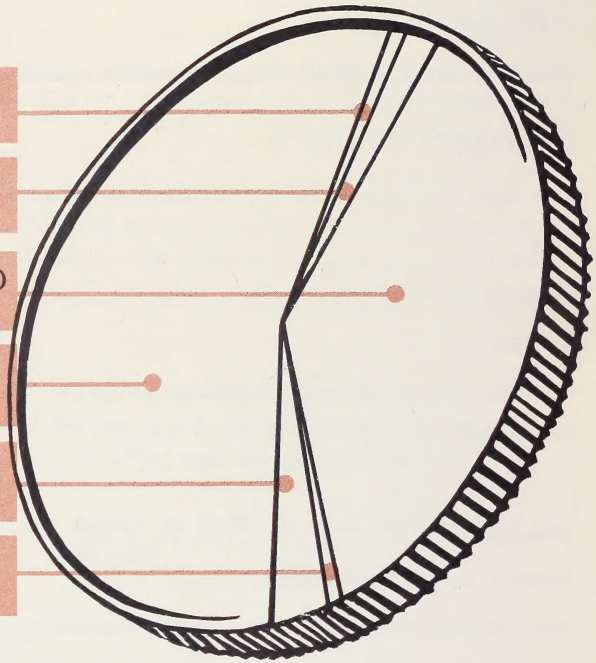
FIXED CHARGES

	APRIL/63 - MARCH/64	APRIL/62 - MARCH/63
Interest Expense -----	\$ 6,710,890	\$ 5,868,980
Less: Interest Charged to Construction ----	<u>50,785</u>	<u>66,770</u>
	\$ 6,660,105	\$ 5,802,210
Less: Interest Earnings -----	<u>172,561</u>	<u>159,881</u>
	\$ 6,487,544	\$ 5,642,329
Amortization of Debenture Discount -----	182,517	110,607
Amortization of Exchange on U.S. Funds --	(13,654)	69,047
Miscellaneous (Net) -----		(5,346)
	<u>\$ 6,656,407</u>	<u>\$ 5,816,637</u>

INCOME DOLLAR

OPERATING REVENUE

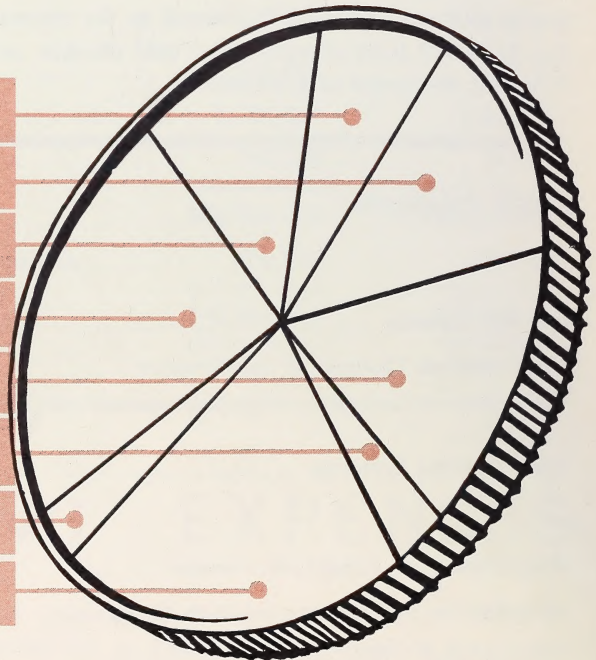
Connecting Company Revenue	0.7%
Directory Earnings	2.2%
Local Service Revenue (Exchange)	36.1%
Toll Revenue	57.1%
Rental Income	3.6%
Other Operating Revenue	0.3%



EXPENSE DOLLAR

OPERATING EXPENSES

Commercial	8.5%
Traffic	15.1%
General	12.0%
Maintenance	23.7%
Fixed Charges	15.9%
Pension Fund Contribution	2.3%
Property Taxes	2.2%
Depreciation	20.3%



FINANCING

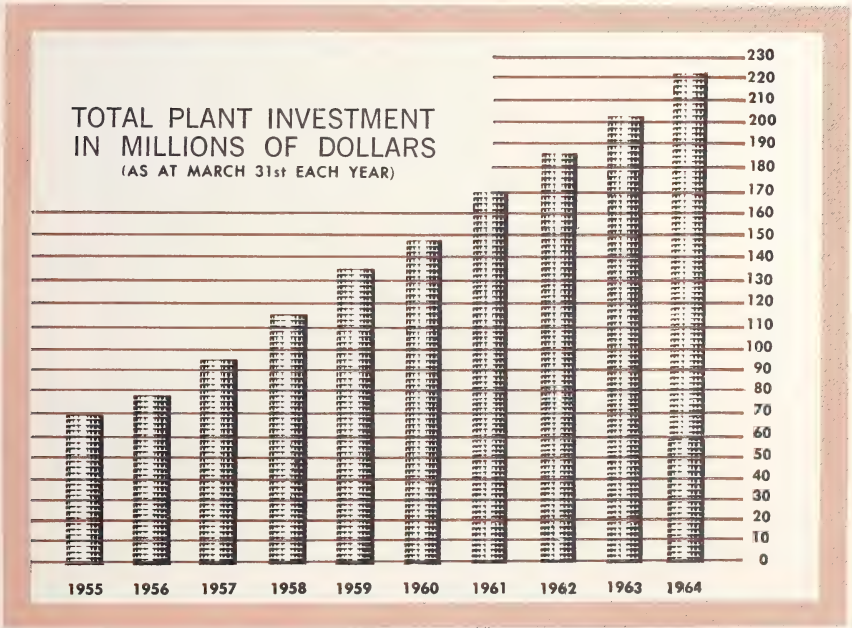
Additional capital was obtained in October, 1963, through the sale of \$15,000,000 in debentures payable in Canadian funds, at an interest rate of 3½%, maturing in October, 1964.

TELEPHONE PLANT

The investment in telephone plant and equipment continued at an accelerated rate, increasing by \$23,119,326. It is expected that this trend will be maintained to meet the forecasts of facility requirements for the future. As in past years, the greatest growth has been in central office equipment and exchange lines.

Plant under construction as at March 31, 1964, amounted to \$1,657,749, a decrease of \$2,021,053 from last year, due primarily to the completion of the extension to the Head Office building. The following figures show the growth in the various categories of plant.

	MARCH 31, 1964	MARCH 31, 1963	INCREASE OR DECREASE
Land & Buildings -----	\$ 29,778,744	\$ 26,296,269	\$ 3,482,475
Equipment -----	126,604,598	110,886,071	15,718,527
Exchange Lines -----	37,536,629	33,457,691	4,078,938
Toll Lines -----	23,148,283	22,066,732	1,081,551
Office Furniture & Equipment--	1,733,853	1,515,469	218,384
Tools, Vehicles, etc. -----	3,372,185	2,811,681	560,504
Plant Under Construction ---	1,657,749	3,678,802	(2,021,053)
	<u>\$223,832,041</u>	<u>\$200,712,715</u>	<u>\$ 23,119,326</u>



NET INCOME

Net income amounted to \$1,121,744, a decrease of \$902,379 from the previous year. This decrease reflects the increasing operating costs and debt charges of the Commission. It is the intention of the Commission to submit an application to the Board of Public Utilities for a rate adjustment in the coming year.

TELEPHONE DEBT

The following table shows the debt position of the Commission as at March 31, 1964. The net increase in the debt of \$1,829,929.84 is the result of a debenture issue of \$15,000,000.00, the redemption of \$10,000,000.00 in debentures and a repayment of \$2,399,931.99 on our debt to the Provincial Treasurer, plus the application of sinking fund assets to the debenture debt.

SCHEDULE	ORIGINAL AMOUNT OF LOAN	PRINCIPAL REPAID	INTEREST PAYMENT	TOTAL PAYMENT	O/S DEBT MARCH 31, 1964	RATE
A	\$ 18,000,000.00	\$ 7,117,415.58	\$ 8,716,666.03	\$ 15,834,081.61	\$ 10,882,584.42	3 %
C	2,000,000.00	855,394.64	665,017.65	1,520,412.29	1,144,605.36	3 %
D	5,000,000.00	1,943,024.90	1,509,720.54	3,452,745.44	3,056,975.10	3 %
E	7,000,000.00	2,454,615.60	1,978,792.99	4,433,408.59	4,545,384.40	3 %
F	8,000,000.00	2,403,136.70	2,473,928.63	4,877,065.33	5,596,863.30	3½ %
G	8,000,000.00	2,123,603.32	2,253,658.89	4,377,262.21	5,876,396.68	3½ %
H	7,000,000.00	1,621,902.29	1,763,568.79	3,385,471.08	5,378,097.71	3½ %
I	10,000,000.00	1,991,011.99	2,267,951.85	4,258,963.84	8,008,988.01	3½ %
J	10,000,000.00	1,498,741.77	2,703,584.72	4,202,326.49	8,501,258.23	4½ %
	<u>\$ 75,000,000.00</u>	<u>\$ 22,008,846.79</u>	<u>\$ 24,332,890.09</u>	<u>\$ 46,341,736.88</u>	<u>\$ 52,991,153.21</u>	(1)
	\$ 18,000,000.00		\$ 4,207,500.00	\$ 4,207,500.00	18,000,000.00	4¼ % (2)
	10,000,000.00	\$ 1,021,000.00	2,066,226.25	3,087,226.25	8,979,000.00	4¾ % (3)
	22,000,000.00	1,500,000.00	4,652,095.43	6,152,095.43	20,500,000.00	5¾ % (4)
	3,000,000.00		356,249.74	356,249.74	3,000,000.00	4¾ % (5)
	12,000,000.00		1,574,999.86	1,574,999.86	12,000,000.00	5¼ % (6)
	20,000,000.00		975,000.00	975,000.00	20,000,000.00	4⅞ % (7)
	15,000,000.00				15,000,000.00	3½ % (8)
	<u>\$ 100,000,000.00</u>	<u>\$ 2,521,000.00</u>	<u>\$ 13,832,071.28</u>	<u>\$ 16,353,071.28</u>	<u>\$ 97,479,000.00</u>	
					\$ 2,720,362.64	(9)
	<u>\$ 175,000,000.00</u>	<u>\$ 24,529,846.79</u>	<u>\$ 38,164,961.37</u>	<u>\$ 62,694,808.16</u>	<u>\$ 94,758,637.36</u>	
		<u>NET TELEPHONE DEBT —</u>			<u>\$ 147,749,790.57</u>	

- (1) Owing to Provincial Treasurer
- (2) Debenture Debt Due July 2, 1978
- (3) Debenture Debt Due September 1, 1979
- (4) Debenture Debt Due March 1, 1985
- (5) Debenture Debt Due August 1, 1966
- (6) Debenture Debt Due August 1, 1981
- (7) Debenture Debt Due January 15, 1988
- (8) Debenture Debt Due October 15, 1964
- (9) Sinking Fund Assets, Cash and Investments

EXCHANGE TELEPHONES

There were 482,564 telephones and 2,208 mobile radio and leased private systems in service in the Province at the end of the fiscal year. Commission subscribers accounted for 297,086 of the telephones, and all but 2,629 of them were receiving individual line service.

	MAR. 31, 1964	MAR. 31, 1963
A G T Owned	297,086	278,598
Rural Mutual Tel. Co. Owned	36,910	35,185
City of Edmonton Owned	148,568	147,850
	<u>482,564</u>	<u>461,633</u>

The following figures give an indication of the telephone movement that has occurred throughout the system in the past few years:

	CONNECTED	DISCONNECTED	NET GAIN
April 1, 1961 to March 31, 1962 ..	61,420	42,224	19,196
April 1, 1962 to March 31, 1963 ..	91,703	73,185	18,518
April 1, 1963 to March 31, 1964 ..	99,195	80,707	18,488

The dial conversion program continued on schedule, and the percentage of dial telephones in the province increased to 91.1%. During the year dial service was extended to the following locations:

ALIX • BEAVERLODGE • BOW ISLAND • CLAIMONT • CLIVE
CRAIGMYLE • DIDSBURY • FORT MACLEOD • KITSCOTY
OKOTOKS • SANGUDO • STONY PLAIN • VERMILION
WHITECOURT

LONG DISTANCE

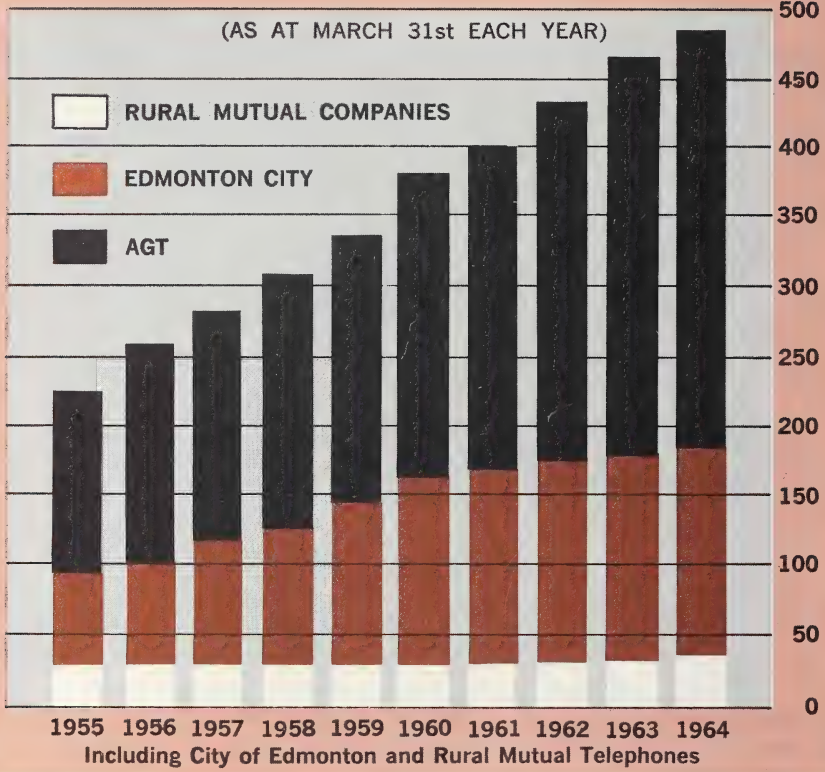
This year marked the implementation of Direct Distance Dialing at Lethbridge, its fourteen Community Dial Offices, and two more Community Dial Offices of Red Deer. The conversion of 15 offices to community dial and 9 offices to full tributary operation was completed under the toll centering plan. A total of 223 toll circuits were added to the network to ensure continued good long distance service.

Traffic employees displayed a commendable enthusiasm in performing their duties and meeting new challenges throughout 1963. Through their combined efforts, a total of 21,223,544 messages were completed, representing an increase of 9.9% over the previous year. Although the total traffic force was increased slightly to take care of the additional business, the cost of handling the calls was reduced by approximately 3%.

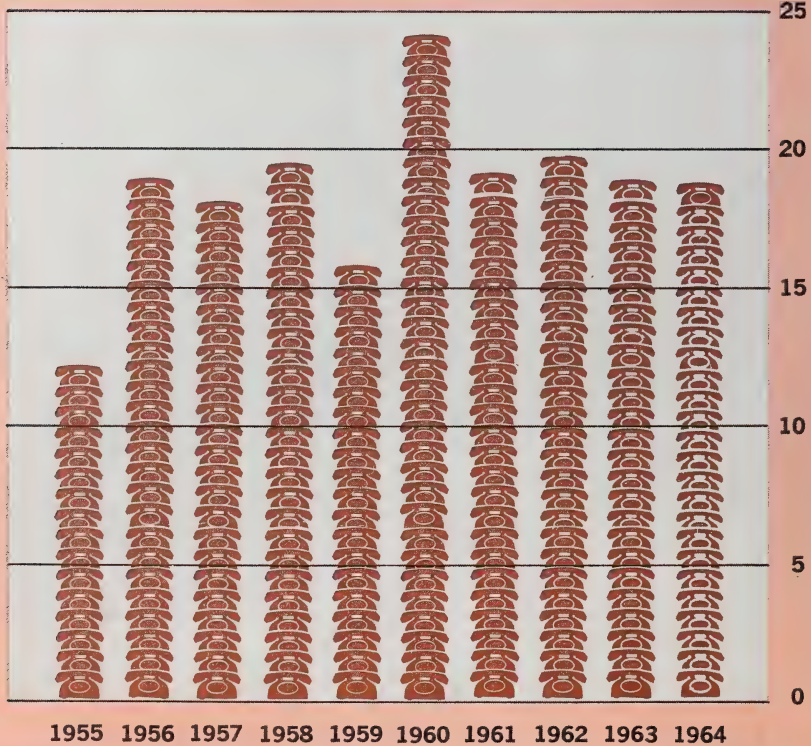
In addition, further advances noted were the near completion of the All Number Calling conversion program and the formation of the Centralized Ticket Investigation group to eventually handle all billing errors.

DISTRIBUTION OF TELEPHONES IN THOUSANDS IN ALBERTA

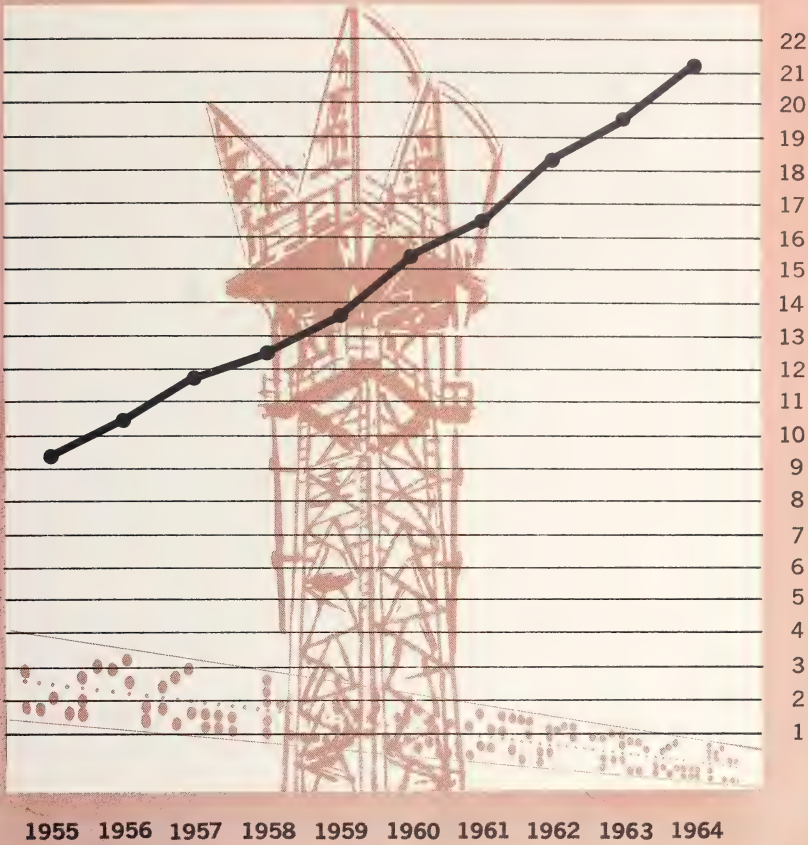
(AS AT MARCH 31st EACH YEAR)



INCREASE IN AGT TELEPHONES IN THOUSANDS (AS AT MARCH 31st EACH YEAR)



NUMBER OF LONG DISTANCE MESSAGES IN MILLIONS
(AS AT MARCH 31st EACH YEAR)



SALES DIVISION

The Sales Division's sold revenue figure for the fiscal year ending March 31, 1964, was \$1,611,255. This represented an increase of 12% over the previous year.

Product diversification continued, and Phone-fax, Telescript, Pocket Paging, and Closed-circuit Television were added to the list of services. On August 15, 1963, the Canadian and United States TWX networks were combined, enabling persons using the facilities to send instantaneous typed messages to a combined total of over 60,000 possible locations across the Continent.

During the year, two major telemetering and supervisory control systems were put into service. Husky Oil was supplied with an eight-channel Radio Frequency Remote Control System which made it possible for it to meter and control the operation of its 72 mile, six inch oil pipeline from a central control panel in Lloydminster. Socony Mobil was supplied with five separate circuits and 30 miles of buried cable to operate its telemetering equipment and to control the operation of 36 well and pump sites in the Drayton Valley area.

Other special installations included the Alberta portion of the CBC Supplementary Radio Network, designed to give defence warnings and reports in the event of a nuclear attack, and a modified public address system for the Alberta Legislative Buildings.

The Sales Division made every effort, during the past year, to inform the public of the latest developments in telephone science and to assist them in selecting the equipment best suited to meet their communications needs.

MUTUAL COMPANIES

At the close of the fiscal year 1963-64, there were 1,075 Mutual Telephone Companies connected to AGT facilities. This represented an increase of 29 companies over the previous year, increasing the total number of farms now served to 36,910. Individual installations for the year totalled 1,725. As of March 31, 1964, fifty-eight new companies had been registered and were in various stages of planning and construction.

The completion of 14 dial conversions during the year brought automatic telephone service to 2,929 rural subscribers. In addition, 80% of the farm phones installed in new areas were connected to existing dial offices. All told, 4,309 dial telephones were installed. At the end of the year, 57 percent of the rural subscribers were receiving dial telephone service.

Rehabilitation of existing areas, conversions, and construction in new areas accounted for 152 Revolving Fund loans, totalling \$1,712,593 for the year. This increased the total amount borrowed to \$2,734,806 as of March 31, 1964. Sixty-three percent of the amount borrowed from the Fund since it was established in 1957 was loaned in the past fiscal year, indicating the trend in rural expansion.

ELECTRONIC DATA PROCESSING

During the 1963-64 fiscal year, considerable progress was made in Data Processing. The "toll first" approach was adopted for the Billing and Collecting System, whereby Toll Billing was initially converted to computer processing, with Cash and Accounts to follow at a later date.

The pilot office, Red Deer, and its attendant Community Dial Offices were made a full Electronic Data Processing Toll Magnetic Tape System on August 1, 1963. Approximately 220,000 tolls have been billed each month from these offices.

Direct Distance Dialing was extended to Lethbridge on December 1, 1963, and to its Community Dial Offices on January 19, 1964. With these additions, approximately 150,000 calls per month were added to the Data Processing Billing System. A progressive training system for the operators was carried out by the Traffic Department, and commencing February 3, 1964, a conversion began from the manually processed paper toll tickets to the machine processed Mark Sense tickets at these exchanges.

Systems work also progressed on the Cash and Accounts side of Billing and Collecting, and a pilot operation has been scheduled for tests in April, 1965.

Progress was made on the transfer of the payroll from electric accounting machines to a tape oriented system. The new system has been planned for full integration of accounting reports, personnel records, statistics, pension records, and actuarial data. Tentative in-service dates for the new payroll system have been established for the September-October period of 1964.

EMPLOYEES

The Commission had a total of 4,573 regular employees on its payroll at the end of the fiscal year, an increase of 470 over the previous year. The total consisted of 2,413 male and 2,160 female employees. In addition, there were 577 salaried or commissioned agents and 158 occasional operators.

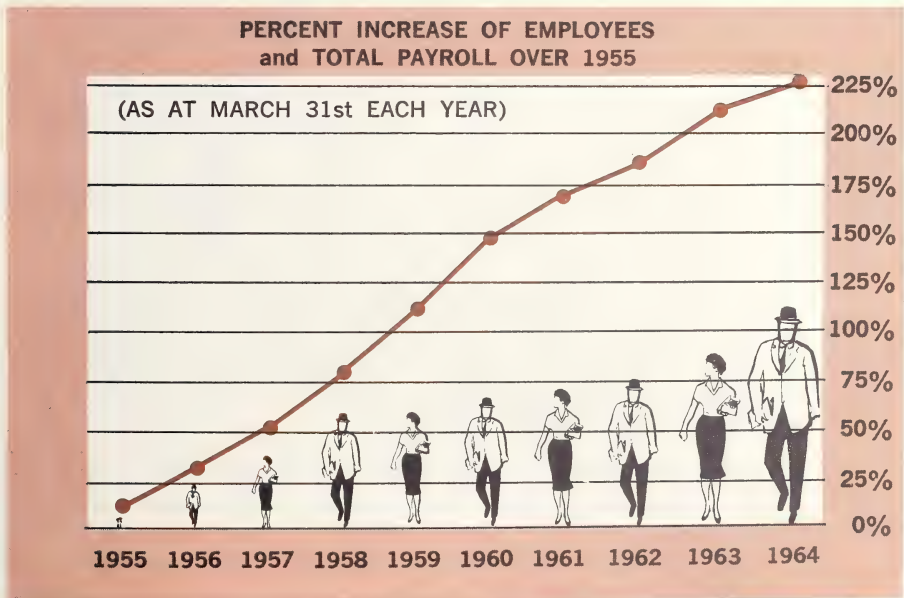
Time lost on account of sickness stood at 2.23%, a slight increase over the previous year. Female employees averaged approximately .8% more lost time than male employees.

A Central Employment Office was opened in Calgary to handle the many applicants seeking employment in that area. A total of 2,424 applications were taken, and 276 employees were hired by the new office during the year.

Long Service Awards were introduced to honor employees with from 10 to 45 years service. At the end of the year, 715 employees had received awards, including 103 with over 20 years service.

The Group Life Insurance Plan continued to gain in popularity, and the enrolment climbed to 2,760, an increase of 740 over the previous year.

The employees displayed a high degree of co-operation throughout the year, and made a valuable contribution to the development of the Province's communications services.



PENSION FUND

An actuarial valuation of the Pension Fund was made on December 31, 1963. The Pension Board is pleased to report that the Valuation Balance Sheet confirms that the Fund continues to maintain a sound financial position. The assets of the Fund together with contributions to be received are sufficient to meet all the benefits to be provided by the Fund as they fall due.

At the end of the fiscal year, there were 3,218 employees participating in the Pension Plan: 1,066 females, an increase of 129, and 2,152 males, an increase of 232, for an overall increase of 361 from the previous year.

During the fiscal year, there were 7 retirements and 7 pensions terminated, reflecting no change in the total number of pensions. On March 31, 1964, pensions were being paid to 197 pensioners, in the sum of \$33,896.15, for an average pension of \$172.06 per month.

Securities held in the Pension Fund Investment Portfolio on March 31, 1964, consisted of Government of Canada, Provincial, and Municipal bonds with a par value of \$16,119,000.00, an increase of \$2,124,000.00 over the previous year. In addition, there was a cash balance of \$165,884.89 on hand, available for investment, \$149,988.22 accounts receivable from the Alberta Government Telephones Commission representing Department and Employee contributions, and a further \$237,002.81 in interest accrued to the Fund.

Continuing its policy of investment to achieve increased earnings for the Fund, the Board traded \$475,000.00 short term securities bearing low interest rates for an equivalent par value in issues bearing higher interest rates that will help to raise the average yield of the Fund over the medium and longer terms.

FUTURE DEVELOPMENT

The extensive development program which the Commission has been carrying out is to be continued in the fiscal year commencing April 1, 1964.

Two major additions to the Province's microwave facilities are being undertaken. A heavy route system is being built from Peace River through Vegreville and Lethbridge to Lathom. It will serve as a by-pass for communications between the North and the U.S. The project, scheduled for completion in December, 1965, represents an investment of \$4,375,000.

A second microwave system, between Vegreville and Fort McMurray, is being constructed to serve the tar-sands area. This project is to be completed in January, 1965, at a cost of \$900,000.

A number of other major toll expansion projects are being undertaken throughout the Province. The budget for these has been set at a figure in excess of \$3,000,000.

A continuous program of exchange cable construction is being carried out to increase existing plant facilities. The appropriation for this work in the 1964 fiscal year has been set at \$2,572,000.

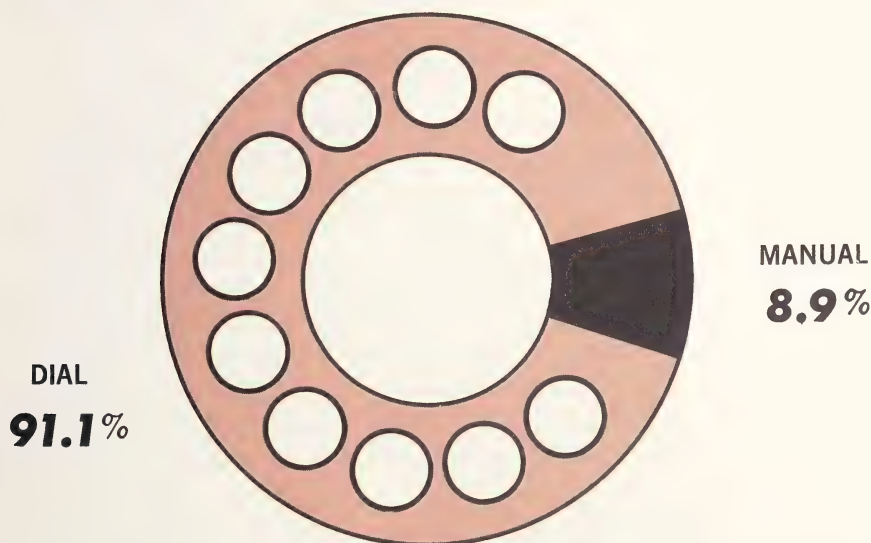
Direct Distance Dialing is being made available to Calgary and Banff in June and to the surrounding Community Dial Offices in July of this year. Calgary, Banff, and High River will have Automatic Number Identification as well. Total cost of the project is \$1,315,000.

As a result of expansion, dial additions are planned for 21 offices during the 1964 fiscal year. An addition of 11,380 lines and 12,300 terminals will result.

The dial conversion program is being greatly accelerated in the rural areas. Thirty-seven districts are to receive dial telephones in 1964. The proposed conversions will result in the following additions to the system: 11,520 step-by-step lines, 19,000 step-by-step terminals, 4,790 crossbar lines, and 5,070 crossbar main stations.

The extensive development program which the Commission is carrying out in the 1964 fiscal year will bring improved communications services to cities, towns, and rural areas alike.

PERCENT OF DIAL TELEPHONES



STATISTICS



	1964	1963	1962	1961
NUMBER OF TELEPHONES				
System Owned -----	297,086	278,598	260,080	240,884
Rural Mutual Company ---	36,910	35,185	33,121	31,663
Private System -----	148,568	147,850	138,324	127,538
TOTAL -----	482,564	461,633	431,525	400,085
Percent Dial Telephones --	91.1%	89.0%	86.4%	84.8%
TELEPHONE MOVEMENT				
Connected -----	99,195	91,703	61,420	50,329
Disconnected -----	80,707	73,185	42,224	32,409
INCREASE -----	18,488	18,518	19,196	17,920
NUMBER OF EXCHANGES	376	396	407	407
NUMBER OF TOLL OFFICES	136	144	155	165
LONG DISTANCE MESSAGES	21,827,542	19,319,050	18,004,331	16,407,962
TOTAL PLANT	223,832,041	200,712,715	182,252,321	168,664,072
TOTAL EARNINGS	42,863,403	37,916,352	34,396,984	29,899,544
TOTAL EXPENSES	41,741,659	35,892,229	31,004,540	27,491,398
NET INCOME	1,121,744	2,024,123	3,392,444	2,408,146
EMPLOYEES				
Men -----	2,413	2,107	1,893	1,888
Women -----	2,318	1,996	1,894	1,860
TOTAL PAYROLL	20,015,451	17,343,875	15,602,213	14,776,789

ALBERTA GOVERNMENT TELEPHONES

MARCH 31, 1955 TO MARCH 31, 1964

1960	1959	1958	1957	1956	1955
222,964	199,747	184,311	165,764	148,375	130,386
30,645	29,739	28,655	27,925	27,669	27,330
119,066	106,456	95,433	84,748	75,043	67,224
372,675	335,942	308,399	278,437	251,087	224,940
83.7%	82.5%	79.9%	78.9%	78.1%	75.0%
61,736	42,166	40,742	39,169	36,260	24,589
38,519	26,730	22,195	21,805	18,275	12,380
23,217	15,436	18,547	17,364	17,985	12,209
397	393	387	379	374	372
153	150	163	168	177	185
15,119,343	13,770,333	12,545,182	11,805,829	10,681,658	9,389,106
48,290,608	134,874,290	114,623,124	93,405,722	76,669,937	66,099,199
27,433,443	23,693,963	20,685,490	19,087,105	16,440,052	14,085,274
24,676,331	21,476,820	17,693,644	15,018,684	12,461,656	10,470,519
2,757,112	2,217,143	2,991,846	4,068,421	3,978,396	3,614,755
1,786	1,649	1,431	1,238	1,099	949
1,903	1,965	1,864	1,760	1,569	1,383
13,255,830	11,759,562	9,955,164	8,232,043	7,103,698	6,054,521



Direct Distance Dialing was cut over in Lethbridge and Coaldale on December 1, 1963, and in the surrounding Community Dial Offices on January 19, 1964. Shown above is some of the Automatic Number Identification (ANI) equipment located in Lethbridge.



GOVERNMENT OF THE PROVINCE OF ALBERTA

OFFICE OF THE PROVINCIAL AUDITOR

JUNE 30, 1964

Honourable Raymond Reiersen
Minister of Telephones
Buildings

I have audited the books and records of the Alberta Government Telephones Commission for the year ended March 31, 1964. The following statements are submitted herewith:

Statement	Particulars
A.	Balance Sheet
B.	Statement of Surplus
C.	Condensed Statement of Income
D.	Depreciation and Renewal Reserve
E.	Statement of Long Term Debt
F.	Sinking Fund Balance Sheet
	Pension and Death Benefit Fund:
G.	Balance Sheet
H.	Statement of Operations

The Alberta Government Telephones Commission was established under authority of Chapter 85, Statutes of Alberta 1958 to acquire all the assets and assume all the liabilities of the Alberta Government Telephones as at April 1, 1958.

Operations for the year, as shown in Statement C, resulted in a net operating income of \$1,121,744.14 which was carried to the surplus account. Net adjustments applicable to previous years were credited to surplus in the amount of \$72,988.81 together with \$1,112,103.54, representing the sinking fund applicable for redemption of the bond issue maturing July 2, 1963. An amount of \$860,000.00 was appropriated for provision of sinking fund, leaving a balance in surplus of \$36,454,593.65 as at March 31, 1964, retained for investment in plant, debt redemption and working capital.

Pension and Death Benefit Fund assets are subject to the comments in the certificate attached to the Pension and Death Benefit Fund Balance Sheet.

The Alberta Government Telephones Commission have the following estimated contingent liabilities which are not reflected on the Balance Sheet as at March 31, 1964:

In respect of commitments for purchase of equipment	
for future delivery -----	\$10,903,155.43
In respect of uncompleted building contracts -----	209,002.23

Subject to the foregoing, I certify that, in my opinion, the attached Balance Sheet is properly drawn up so as to show the true financial position of the Alberta Government Telephones Commission as at March 31, 1964, according to information and explanations given to me and as shown by the books of the Alberta Government Telephones Commission, and the accompanying Condensed Statement of Income correctly sets forth the result of operations for the year ended at that date.



F. C. A.
Provincial Auditor.

ASSETS

Capital:

Telephone plant:

Real estate	\$ 29,778,743.61
Equipment	126,604,597.73
Exchange lines	37,536,628.63
Toll lines	23,148,283.36
Office furniture and fixtures	1,733,852.63
Tools, vehicles and sundry equipment ..	3,372,185.62
Plant under construction	1,657,749.17

\$ 223,832,040.75

Materials and supplies	7,654,798.39
------------------------------	--------------

\$ 231,486,839.14

Current:

Cash on hand, in banks and treasury branches	\$ 242,589.58
Accounts receivable, less allowance for doubtful accounts	6,700,695.08
Prepaid expenses	802,719.90

7,746,004.56

Deferred Charges:

Unamortized debenture discount	\$ 1,241,497.77
Less: Unamortized premium, net, on United States funds	424,006.87

817,490.90

Reserve Funds:

Depreciation and renewal reserve assets, Statement D	\$ 1,641,623.33
Pension and death benefit fund, Statement G	16,671,875.92

18,313,499.25

Trust Funds:

Government of Canada bonds	441,854.88
----------------------------------	------------

\$ 258,805,688.73

This is the balance sheet referred to in my report of June 30, 1964,

Sheet

AS AT MARCH 31, 1964

LIABILITIES

Capital:

Long term debt, Statement E:

Debentures payable -----	\$ 97,479,000.00
--------------------------	------------------

Deduct: Sinking fund assets, cash and investments, Statement F -----	2,720,362.64
---	--------------

	\$ 94,758,637.36
--	------------------

Advances from Provincial Treasurer ---	52,991,153.21
--	---------------

	\$ 147,749,790.57
--	-------------------

Current:

Bank overdraft -----	\$ 673,887.73
----------------------	---------------

Bank loan -----	571,000.00
-----------------	------------

Accounts payable -----	3,904,102.92
------------------------	--------------

Wages payable -----	919,645.83
---------------------	------------

Accrued interest, not due -----	1,552,499.72
---------------------------------	--------------

Unearned revenue -----	885,964.99
------------------------	------------

	8,507,101.19
--	--------------

Reserves and Surplus:

Depreciation and renewal reserve,

Statement D:

Investment in plant -----	\$ 44,618,486.55
---------------------------	------------------

Cash and investments -----	1,641,623.33
----------------------------	--------------

	\$ 46,260,109.88
--	------------------

Pension and death benefit reserve,

Statement G -----	16,671,875.92
-------------------	---------------

Sinking fund reserve, Statement F -----	2,720,362.64
---	--------------

	\$ 65,652,348.44
--	------------------

Surplus, retained for investment in plant, debt redemption and working capital,

Statement B -----	36,454,593.65
-------------------	---------------

	102,106,942.09
--	----------------

Trust:

Employees' accounts -----	\$ 234,170.28
---------------------------	---------------

Bond instalments payable -----	206,484.60
--------------------------------	------------

Guarantee deposit -----	1,200.00
-------------------------	----------

	441,854.88
--	------------

	<u>\$ 258,805,688.73</u>
--	--------------------------

addressed to the Minister of Telephones.

C. K. HUCKVALE, F.C.A.
Provincial Auditor.

SURPLUS ACCOUNT

SURPLUS AS AT MARCH 31, 1964

STATEMENT B

Surplus, as at April 1, 1963, retained for investment in plant, debt redemption and working capital	\$ 35,007,757.16
Add:	
Adjustments applicable to previous years, net	72,988.81
Sinking fund applicable to debt redemption re bond issue maturing July 2, 1963	1,112,103.54
Net operating income for the year ended March 31, 1964, Statement C	1,121,744.14
	<u>\$ 37,314,593.65</u>
Deduct: Appropriation for provision for sinking fund	860,000.00
Surplus, as at March 31, 1964, retained for investment in plant, debt redemption and working capital	<u><u>\$ 36,454,593.65</u></u>

CONDENSED STATEMENT OF INCOME

FOR THE YEAR ENDED MARCH 31, 1964

STATEMENT C

Operating revenue:		
Toll earnings	\$ 24,469,362.42	
Exchange earnings	15,494,184.77	
Rental income	1,524,624.58	
Directory	940,692.84	
Connecting companies rentals	294,398.90	
Miscellaneous	140,139.91	
	<u></u>	\$ 42,863,403.42
Operating expenses:		
Operations	\$ 14,341,833.39	
Maintenance	9,903,079.48	
Property taxes	930,765.27	
Radio Station CKUA	158,235.38	
	<u>\$ 25,333,913.52</u>	
Provision for depreciation and renewal, real estate and equipment	8,462,671.83	
Debt service charges, net	6,656,406.98	
Pension fund contributions	977,346.71	
Provision for doubtful accounts	300,000.00	
Miscellaneous, net	11,320.24	
	<u></u>	41,741,659.28
Net operating income for the year ended March 31, 1964		<u><u>\$ 1,121,744.14</u></u>

DEPRECIATION AND RENEWAL RESERVE

STATEMENT D

FOR THE YEAR ENDED MARCH 31, 1964

Reserve as at April 1, 1963 ----- \$ 39,795,589.35

Add:

Provision during the year:

Real estate and equipment ----- \$ 8,462,671.83

Tools and trucks ----- 331,008.76

\$ 8,793,680.59

Accumulated depreciation on

acquired assets ----- 441,278.97

Interest earnings ----- 70,433.69

9,305,393.25

\$ 49,100,982.60

Deduct: Charges to reserve:

Plant displaced, net ----- \$ 1,648,791.75

Obsolete, worthless equipment and
supplies written off ----- 709,950.26

Cost of removing plant ----- 325,757.04

Sundry equipment replaced, net ----- 129,760.32

Loss on sale of lines ----- 26,613.35

2,840,872.72

Reserve as at March 31, 1964 ----- \$ 46,260,109.88

Represented by:

Cash in bank ----- \$ 29,522.54

Investments, at par value:

Government of Canada direct and
guaranteed bonds (market
value \$1,388,125.00) ----- 1,535,000.00

Province of Alberta guaranteed debentures
(market value \$64,075.00) ----- 65,000.00

Accrued interest ----- 12,100.79

\$ 1,641,623.33

Plant investment ----- 44,618,486.55

\$ 46,260,109.88

STATEMENT OF LONG TERM DEBT

AS AT MARCH 31, 1964

STATEMENT E

	Final Maturity Date	Rate of Interest	Call Feature	Currency	Original Advance	Amount Outstanding
(A) Debentures payable:						
(B)	July 2, 1978	4¼ %	Callable	Canada	\$ 18,000,000.00	\$ 18,000,000.00
(C)	September 1, 1979	4¾ %	Callable	United States	10,000,000.00	8,979,000.00
(C)	March 1, 1985	5¾ %	Callable	United States	22,000,000.00	20,500,000.00
(D)	(August 1, 1966	4¾ %	Non-callable	Canada	3,000,000.00	3,000,000.00
	(August 1, 1981	5¼ %	Callable	Canada	12,000,000.00	12,000,000.00
(E)	January 15, 1988	4⅞ %	Callable	United States	20,000,000.00	20,000,000.00
	October 15, 1964	3½ %	Non-callable	Canada	15,000,000.00	15,000,000.00
						<u>\$ 97,479,000.00</u>
Deduct: Sinking Fund assets, cash and investments						<u>2,720,362.64</u>
						<u><u>\$ 94,758,637.36</u></u>
(F) Advances from the Provincial Treasurer:						
	December 1, 1975	3 %	—	Canada	\$ 2,000,000.00	\$ 1,144,605.36
	December 1, 1976	3 %	—	Canada	5,000,000.00	3,056,975.10
	December 1, 1977	3 %	—	Canada	7,000,000.00	4,545,384.40
	December 1, 1978	3½ %	—	Canada	8,000,000.00	5,596,863.30
	December 1, 1979	3½ %	—	Canada	8,000,000.00	5,876,396.68
	June 1, 1980	3 %	—	Canada	16,560,141.78	10,882,584.42
	December 1, 1980	3½ %	—	Canada	7,000,000.00	5,378,097.71
	December 1, 1981	3½ %	—	Canada	10,000,000.00	8,008,988.01
	December 1, 1982	4½ %	—	Canada	10,000,000.00	8,501,258.23
						<u>\$ 52,991,153.21</u>
						<u><u>\$ 147,749,790.57</u></u>

- (A) Debentures payable are unconditionally guaranteed as to principal and interest by the Government of the Province of Alberta.
- (B) The Commission to make an annual sinking fund payment of \$560,000.00 to the Provincial Treasurer. Sinking fund contributions and earnings amounted to \$2,082,504.73 at March 31, 1964.
- (C) Retirement by annual sinking fund redemption. Redemptions due in the year ending March 31, 1965, amount to \$926,000.00.
- (D) The Commission to make an annual sinking fund payment of \$300,000.00 to the Provincial Treasurer. Sinking fund contributions and earnings amounted to \$637,857.91 at March 31, 1964.
- (E) Retirement by annual sinking fund redemption commencing January 15, 1965. Redemptions due in the year ending March 31, 1965, amount to \$456,000.00.
- (F) Advances from the Provincial Treasurer are repayable on a semi-annual basis. Repayments due in the year ending March 31, 1965, amount to \$2,482,275.69.

SINKING FUND

BALANCE SHEET AS AT MARCH 31, 1964

STATEMENT F

ASSETS

Cash in bank	\$ 791.87
Investments, at book value	2,688,462.65
Accrued interest	31,108.12
	<u>\$ 2,720,362.64</u>

LIABILITIES

Sinking fund reserve:

Balance as at April 1, 1963	\$ 2,832,224.47
Add: Contributions and earnings:	
Contributions	\$ 860,000.00
Earnings from investments	140,241.71
	<u>1,000,241.71</u>
	<u>\$ 3,832,466.18</u>

Deduct: Applicable to debt redemption re bond issue maturing July 2, 1963	1,112,103.54
	<u>\$ 2,720,362.64</u>

Edmonton, Alberta

June 30, 1964

I have audited the books and records of the Alberta Government Telephones Commission Sinking Fund for the year ended March 31, 1964.

Investments were verified by actual examination and are summarized hereunder:

Bonds and Debentures	Par Value	Book Value
Alberta Government Telephones Commission..	\$ 2,554,800.00	\$ 2,404,802.60
Province of Manitoba	290,000.00	283,660.05
	<u>\$ 2,844,800.00</u>	<u>\$ 2,688,462.65</u>

The approximate market value of the above securities amounted to \$2,599,900.00 as at March 31, 1964.

I certify that, in my opinion, the above Balance Sheet is properly drawn up so as to show the true financial position of the Alberta Government Telephones Commission Sinking Fund as at March 31, 1964 according to information and explanations given to me and as shown by the books of the Fund.

C. K. HUCKVALE, F.C.A.

Provincial Auditor.

PENSION AND DEATH BENEFIT FUND

BALANCE SHEET AS AT MARCH 31, 1964

STATEMENT G

ASSETS

Cash on hand and in bank	\$ 165,884.89
Contributions receivable	149,988.22
Investments, at par value	16,119,000.00
Accrued interest	237,002.81
	<u>\$ 16,671,875.92</u>

LIABILITIES

Pension and Death Benefit Fund Reserve:

Employees' accounts	\$ 4,709,892.06
Employer's account	11,961,983.86
	<u>\$ 16,671,875.92</u>

Edmonton, Alberta

June 30, 1964

I have audited the books and records of the Alberta Government Telephones Commission's Pension and Death Benefit Fund for the year ended March 31, 1964.

Investments were verified by actual examination and are summarized hereunder:

Bonds and Debentures	Par Value
Government of Canada, direct and guaranteed --	\$ 3,633,000.00
Provincial, direct and guaranteed	8,207,000.00
Municipal	4,147,000.00
School Districts	132,000.00
	<u>\$ 16,119,000.00</u>

The approximate market value of the above securities amounted to \$15,126,120.00 as at March 31, 1964.

An actuarial survey as at December 31, 1963, indicated that the Fund as presently constituted will be sufficient to meet all future requirements.

I certify that, in my opinion, the above Balance Sheet is properly drawn up so as to show the true financial position of the Pension and Death Benefit Fund as at March 31, 1964, according to information and explanations given to me and as shown by the books of the Fund, and the accompanying Statement of Operations correctly summarizes the transactions for the year ended at that date.

C. K. HUCKVALE, F.C.A.
Provincial Auditor.

PENSION AND DEATH BENEFIT FUND

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1964

STATEMENT H

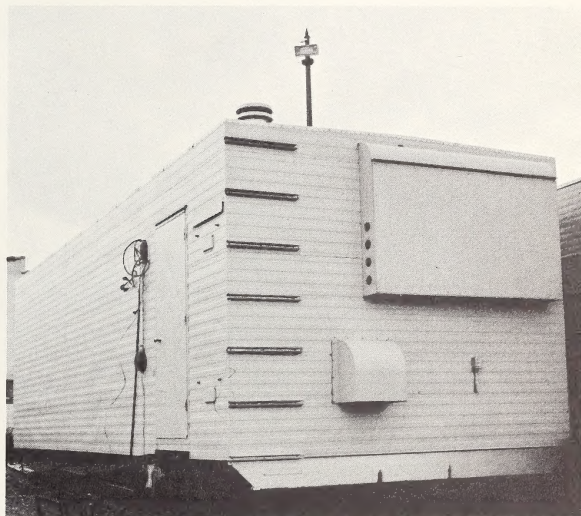
	Employees' Accounts	Employer's Account	Total
Pension and Death Benefit Fund			
reserve as at April 1, 1963--	\$ 4,015,501.53	\$ 10,475,410.23	\$ 14,490,911.76
Add:			
Contributions -----	778,018.94	1,244,829.45	2,022,848.39
Earnings -----	122,562.15	598,488.69	721,050.84
Transfers in respect of employees			
retiring on pension -----	43,747.55	43,747.55	—
	<u>\$4,872,335.07</u>	<u>\$ 12,362,475.92</u>	<u>\$ 17,234,810.99</u>
Deduct:			
Pension Payments -----	\$ —	\$ 400,254.61	\$ 400,254.61
Withdrawals -----	162,205.56	—	162,205.56
Contributions and earnings			
transferred to other pension			
authorities, net -----	237.45	237.45	474.90
	<u>\$ 162,443.01</u>	<u>\$ 400,492.06</u>	<u>\$ 562,935.07</u>
Pension and Death Benefit Fund			
reserve as at March 31, 1964--	<u>\$4,709,892.06</u>	<u>\$ 11,961,983.86</u>	<u>\$ 16,671,875.92</u>



During the summer months, AGT personnel tour the Province with the Teletrailer, demonstrating the latest developments in telephone science and assisting subscribers in making the best use of the services provided for them.



Twenty-eight new buildings were completed during the year and additions were made to others to accommodate the automatic equipment required for the dial conversion program. Thirteen of the new buildings were of masonry construction, such as the Nanton office (above). The remainder were portable metal buildings.





An AGT crew is shown installing exchange cable in Waterton Park. During the year, \$1,860,000 was spent on additional cable throughout the Province.



On August 15, 1964, the Canadian and United States TWX networks were combined, enabling persons using the facilities to send instantaneous typed messages to a combined total of over 60,000 possible locations across the Continent.

The Sales Division introduced a diversity of new services during the year, including Phone-fax, Pocket Paging, Closed-circuit Television, and Telescript.





Alberta Government Telephones engineers have designed and developed the most advanced portable equipment in Canada for the path testing of microwave routes.

